

Memorandum

To: Health Access Oversight Committee
From: Joshua Slen
Date: August 22, 2006
Re: Supplemental Payments for Dentists

The Legislature approved a Supplemental Dental Payment Program for implementation by October 1, 2006. The following is the pertinent legislation:

Act 215, Sec. 108 DENTAL SERVICES

(b) The office of Vermont health access shall use \$242,836 of the appropriation in Sec. 107 of this act for supplemental payments to dentists with high Medicaid patient counts. The office shall design and implement the program by October 1, 2006. These funds are in addition to the funds in subsection (a) of this section. The office shall report to the health access oversight committee in September on the parameters of the program.

As indicated by the legislation, prior to implementation, the Supplemental Dental Payment Program requires review by the HAOC. The following describes the process which resulted in a methodology that has been agreed to by the OVHA and the Vermont State Dental Society (VSDS).

Process

For quite a few years, it has been the OVHA's standard practice to consult with both the VSDS and the Vermont Department of Health Dental Health Director prior to making any changes in dental payments. That practice continued in designing the Supplemental Dental Payment Program methodology.

Initially, the OVHA's representative met with a subcommittee of the VSDS Government Committee and VDH representatives. During the meeting, data (the data did not identify any practice by name or number) was examined and technical issues were discussed. During that meeting, the decision was made to convene the entire Government Committee to reach agreement on the methodology for structuring payments.

On August 8, 2006, a follow-up meeting occurred between the OVHA's representative, the entire VSDS Government Committee and VDH representatives. The Government Committee made its methodology recommendation to the OVHA and the OVHA agreed with that recommendation.

An overview of the methodology is described below.

Methodology

The OVHA and the VSIDS agreed that beginning October 1, 2006 the OVHA will make two payments of \$121,418 each fiscal year, at 6-month intervals.

The funds will be distributed based on the amount paid (by both Vermont Medicaid and General Assistance) to dental practices as a percent of the practice's total for certain dates of service. For the October 1, 2006 payment, the OVHA will use paid claims (includes all dental procedure codes except Orthodontia codes) with dates of service from January 1, 2006 to June 30, 2006. For each subsequent payment, the next six-month period will be used. Dental practices receiving cost-based reimbursement are excluded because they are paid cost to deliver care and cost-based reimbursement is considerably higher than fee-for-service dentists even after the supplemental payments are made.

To conform to the legislature requirement that the supplemental payments go to "dentists with high Medicaid patient counts", the methodology facilitates the distribution of payments among dental practices that have been paid greater than \$50,000 for services to Medicaid beneficiaries during the six-month period. For example, a practice that received 10% of the claims paid to the "high count" group would receive 10% of the semi-annual amount. Current estimates indicate that about 30 practices will receive supplemental payments ranging in amount from \$1,700 to \$9,400 for the period which is the equivalent of an estimated 3% rate increase for each practice.

The dentists stressed the importance of a payment level that would be meaningful to the "high count" providers, but not so big that falling just below the cutoff would cause a significant loss of revenue. Both the OVHA and the VSIDS agree that using payments of \$50,000 or more best meets those objectives.

cc: Peter Taylor, VSIDS
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